



United States of America

v.

Edward Vaughan and Hadi Akkad

4:22CR162

Chief Judge Amos Mazzant

Choices

Choices - Intent

BUSINESS CHOICES

- Advertise themselves as Interchange cost-plus
- Send cost-comparisons without the full disclosure
- Train employees incorrectly
- Send marketing materials without the full disclosure
- Ignore customer complaints about the disclosures
- Not change any practices in response to the lawsuit or the complaints

TECHNICAL CHOICES WITH TSYS

- Hide the markup in interchange
- Not disclose that the .3 was hidden in interchange
- Not put the full rate for offline debit on one line in the merchant contract or the Plan Summary Section
- Not break out the fees in the interchange section
- Not label the fees in the interchange section
- Not issue a statement disclosure, email, or general notice

Reason and Common Sense

- “Based upon reason and common sense after careful and impartial consideration of all the evidence”
- “You are permitted to draw such reasonable inferences from the testimony and exhibits as you feel are justified in the light of common experience”
- “You may make deductions and reach conclusions that reason and common sense lead you to draw”

Misrepresentations

A representation is **false** if:

- *It is “known to be untrue or is made with reckless indifference as to its truth or falsity”*
 - *It “constitutes a half truth”*
 - *It “effectively omits or conceals a material fact”*

Merchant Application and Agreement		111 Congress Park West, Woburn, MA 01888 Merchant Service Division Tel (800) 338-1210	
MERCHANT NAME (Last/Frst Name) AMERICAN BEDDING IN THE NATIONAL CAPITAL REGION		MERCHANT ID# 394750514538 ACC # \$395	
ADDRESS 100 FAIR ARLINGTON HTS, VA 22031		COMPARATIVE VALUE OF Merchandise 100% 100% 100%	
TELEPHONE # (703) 584-8400 FAX # (703) 584-8516		CITY FAIRFAX STATE VA ZIP 22031	
NAME OF PERSON SIGNING MARY NEEBIE		SIGNATURE 	
DOES THIS LOCATION CURRENTLY TAKE VISA/MASTERCARD? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		DATE WHEN CREDIT OR DEBIT CARD USE BEGINS/ENDS FOR THIS LOCATION BEGINS 01/01/2011 ENDS 01/01/2012 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
MAILING ADDRESS BRUNNDA , Suite 100 , LINCOLN , MA 01741		MAILING ADDRESS C/O JEREDON , 100 FAIR ARLINGTON HTS, VA 22031	
TELEPHONE # (703) 230-2111		TELEPHONE # (703) 230-2111	
NAME OF PERSON SIGNING John Hines		SSN 000-00-0000 % OWNERSHIP 0 % CEO	
NAME OF PERSON SIGNING John Hines		SSN 000-00-0000 % OWNERSHIP 0 % COO	
NAME OF PERSON SIGNING John Hines		SSN 000-00-0000 % OWNERSHIP 0 % Co-Owner	
NAME OF BUSINESS <input checked="" type="checkbox"/> Partnership <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation <input type="checkbox"/> LLC <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Joint Venture <input type="checkbox"/> Family Business <input type="checkbox"/> Other <input type="checkbox"/> Joint Venture <input type="checkbox"/> Family Business <input type="checkbox"/> Other		NATURE OF BUSINESS <input type="checkbox"/> Manufacturing <input type="checkbox"/> Wholesaler/Distributor <input type="checkbox"/> Retailer <input type="checkbox"/> Broker/Agent <input type="checkbox"/> Full Prod. <input type="checkbox"/> Distributor <input type="checkbox"/> Wholesaler/Distributor <input type="checkbox"/> Retailer <input type="checkbox"/> Broker/Agent <input type="checkbox"/> Full Prod. <input type="checkbox"/> Other <input type="checkbox"/> Other <input type="checkbox"/> Other <input type="checkbox"/> Other <input type="checkbox"/> Other	
LENGTH OF TIME IN BUSINESS 1 Year		NUMBER OF EMPLOYEES 0	
TYPE OF ACQUISITION <input type="checkbox"/> Purchase of Existing Business <input type="checkbox"/> Franchise <input type="checkbox"/> New Business <input type="checkbox"/> Joint Venture <input type="checkbox"/> Other <input type="checkbox"/> Franchise <input type="checkbox"/> New Business <input type="checkbox"/> Joint Venture <input type="checkbox"/> Other <input type="checkbox"/> Joint Venture <input type="checkbox"/> Other <input type="checkbox"/> Other		AMOUNT OF CASH INVESTMENT \$ 5,000,000.00 plus \$ 100,000.00	
TYPE OF ACQUISITION <input type="checkbox"/> Purchase of Existing Business <input type="checkbox"/> Franchise <input type="checkbox"/> New Business <input type="checkbox"/> Joint Venture <input type="checkbox"/> Other <input type="checkbox"/> Franchise <input type="checkbox"/> New Business <input type="checkbox"/> Joint Venture <input type="checkbox"/> Other <input type="checkbox"/> Joint Venture <input type="checkbox"/> Other <input type="checkbox"/> Other		AMOUNT OF CASH INVESTMENT \$ 10,000,000.00	
NAME OF BUSINESS CHARITABLE & SOCIAL SERVICE ORGANIZATIONS		NAME OF BUSINESS None	
MERCHANT INFORMATION NAME: EMENNEY		VERSION 4.2	
MATERIALS USED FOR THIS BUSINESS NAME: None		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If yes, phone provide <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If yes, phone provide	
NAME OF BUSINESS NAME: AMERICAN BEDDING IN THE NATIONAL CAPITAL REGION		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If yes, phone provide <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If yes, phone provide	
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Effective Rate, Ineffective Defense

“You should consider that naivety, carelessness, negligence, or stupidity of a victim does not excuse criminal conduct, if any, on the part of the Defendants.”

“The Government need not prove...that the alleged conspirators actually succeeded in accomplishing their unlawful objectives.”

Lies are not justified by pricing

Context-specific

Good deal? So what?

Employees

“The testimony of such a witness may alone be of sufficient weight to sustain a verdict of guilty.”

- *Acknowledgement of the fraud*
- *Workplace environment*
- *Akkad and Vaughan in charge*

The Coverup is Part of the Crime

The Power of Silence

Hidden Fees

Crooked Corporate Concealment